

484

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February 25, 1981

#### POLAND

*Party leader Kania restated his commitment to reform and the use of political solutions in his speech yesterday to the Soviet party congress.* [REDACTED]

Kania, the first East European to address the gathering, renewed his familiar theme that "we will not lack patience" in winning over "honest Poles." He also asserted that the Polish party is rebuilding its strength and is gaining "even broader" support. [REDACTED]

At the same time, Kania pledged to do "everything essential" to combat "outright counterrevolutionaries" who are trying to gain control of Solidarity. As in the past, Kania gave no indication of what action Warsaw is prepared to take to make good on this pledge. [REDACTED]

Kania acknowledged that Warsaw has an obligation to its allies to restore calm in Poland, but stressed that the Poles are capable of resolving their own problems. Although his sense of assurance on this score is in line with the communique of the Warsaw Pact summit last December, it contrasts markedly with President Brezhnev's omission of this point in his Central Committee report on Monday. Brezhnev's comments suggest that at least some in the Soviet leadership have become less confident that Kania can control the liberalization process. [REDACTED]

#### More on Student Demonstration

Plans for a student demonstration on 8 March at Warsaw University are gathering momentum. According to a Western press report, the rector of the university will officially open the ceremonies and dissident leader Jacek Kuron may participate. [REDACTED]

The rector, who was elected in December by a secret ballot of the faculty, may be taking the initiative to participate in the event. The government agreed earlier this month to a student demand allowing unhindered celebration of historical events. The rector could also be acting with the consent of the government, which realizes

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169  
184

NID 81

February 25, 1981

it cannot easily block the ceremonies outright and may hope an official presence will help prevent the demonstration from acquiring an antiregime character.

The possible participation of Kuron raises a difficult problem for the government. It cannot be associated, even indirectly, with a ceremony that provides a platform for someone who has been publicly branded by the Polish and Soviet media as "antisocialist." The government may try, through behind-the-scenes bargaining to prevent Kuron's appearances. Such efforts are likely to fail, however, since Kuron played a key role in the student demonstration in 1968.

#### Soviet Financial Aid

A Polish bank official has clarified recent Soviet financial assistance to Poland. He said the \$465 million credit announced by Kania in January was not a new loan, but a part of the \$1.1 billion credit pledged by Moscow last December.

Warsaw has relied heavily on Soviet funds to meet its hard currency obligations for the past several weeks. The bank official indicated the Soviet credit is rapidly being used up and that the Poles soon will need more credits to meet their financial obligations.

The Soviets have told Warsaw that no further credits will be available this year, but the banker hopes for a change of heart at the current party congress.

#### Paris Creditors Meeting

Polish officials yesterday reacted to proposals by Western creditors for an economic stabilization program to be imposed as part of a debt rescheduling agreement. Warsaw indicated it preferred a program formulated by a commission of Western government officials--possibly including an IMF observer--rather than by a neutral group and wanted a single 18-month rescheduling period without a review after six months.

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Polish officials offered their own stabilization program but acknowledged that it needed to be clarified. Warsaw apparently recognizes that the program will be closely monitored by Western creditors. [REDACTED]

For the first time the Polish Government admitted that hard currency reserves are only \$326 million--enough to pay for two weeks of imports. Short-term hard currency debt to the West is \$1.7 billion. [REDACTED]

At today's final session the creditors will take up the question of emergency debt relief for the second quarter of this year and work on establishing a task force to gather data necessary for a rescheduling operation. The next meeting is tentatively planned for late March. [REDACTED]